



Transition Payment Floor



Joseph Drexler




Presentation

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- Transition Payment Floor Definition
 - Calculating the Transition Floor
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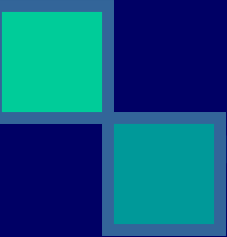



Transition Payment Floor Definition

- The transition from the historical funding of a provider to the payments established rates will be done over a number of years.
 - As the transition progresses, providers with historical funding below the established rates will gradually have payments increased until paid at the established rates
 - The transition floor protects providers from feeling both the negative impact of their historical low rate and the impact of utilization under 90%.
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Calculating the Transition Floor

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- The transition floor is a calculated amount of reimbursement that a low rate provider will receive until the established rate is reached.
 - Since the transition factor assumed 90% attendance, the calculation compares the result for 90% attendance including the transition factor with the result that would be obtained if the rates were used.
 - The provider receives the amount based on 90% attendance unless it is greater than the rates.
 - Once the amount to be reimbursed is greater using the established rates, the provider would be paid the number of days in attendance at the established rate.
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Calculation of Transition Floor

July Potential Days	Actual Days	Percent Utilization	90% of Potential Days	Amount based on 90% of the potential days
22	18	81.82%	19.8	1,986.34
22	19	86.36%	19.8	2,317.39
22	18	81.82%	19.8	2,482.92
22	21	95.45%	19.8	2,648.45
14	13	92.86%	12.6	1,369.37
102	89	87.25%	91.8	10,804.47

Provider Transition Percentage 95%

Monthly Payment including transition factor 9,983.09

Allowed Total With Transition Factor 10,264.25


Amount allowed by established rates 10,508.52

Provider Payment Transition Floor - Lesser of allowed amount or rates 10,264.25

Amount under transition floor 281.16



Calculating the Transition Floor

- To ensure good cash flow, monthly payments will include the adjustment for the transition floor.
 - Each month the amount of reimbursement may vary between the floor rate, the high utilization rate and the established rate.
 - An adjustment reducing the amount could be necessary due to monthly variances in utilization.
 - A running total would be kept and payments adjusted in 4th quarter or sooner if necessary.
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Example 1

	A	B	C	D	E	F	G	H	I	J	K	
1	Low Funded Provider Examples					Attendance Above 90% Filior does not apply						
2												
3						Payment Amount	Actual	Rates	Payment Amount	Transition	Actual	
4		Calculated		Calculated	Transition	w/ Trans Factor	Annual		at Rates	Percentage	Fiscal Year	
5		Attendance	Rates	Reimbursement	Percentage	and 90& util	Attendance		and Actual util		Reimbursement	
6							Total					
7	Archie	225	100.32	22,572	93%	20,991.96	216	100.32	21,669.12	93%	20,152.28	
8	Betty	225	117.04	26,334	93%	24,490.62	234	117.04	27,387.36	93%	25,470.24	
9	Charles	225	125.40	28,215	93%	26,239.95	233	125.40	29,218.20	93%	27,172.93	
10	Donald	225	133.76	30,096	93%	27,989.28	231	133.76	30,898.56	93%	28,735.66	
11	Edith	225	108.68	24,453	93%	22,741.29	216	108.68	23,474.88	93%	21,831.64	
12												
13	Totals			131,670		122,453.10	1130		132,648.12		123,362.75	
14												
15							90.4%				122,453.10	
16												
17												

Example 2

17												
18						Attendance below 90% Floor Applies						
19												
20						Payment Amount	Actual	Rates	Payment Amount	Transition	Before Floor Actual	
21		Calculated		Calculated	transition	w/ Trans Factor	Annual		at Rates	Percentage	Fiscal Year	
22		Attendance	Rates	Reimbursement	Percentage	and 90& util	Attendance		and Actual util		Reimbursement	
23							Total					
24	Archie	225	100.32	22,572	93%	20,991.96	201	100.32	20,164.32	93%	18,752.82	
25	Betty	225	117.04	26,334	93%	24,490.62	220	117.04	25,748.80	93%	23,946.38	
26	Charles	225	125.40	28,215	93%	26,239.95	233	125.40	29,218.20	93%	27,172.93	
27	Donald	225	133.76	30,096	93%	27,989.28	231	133.76	30,898.56	93%	28,735.66	
28	Edith	225	108.68	24,453	93%	22,741.29	204	108.68	22,170.72	93%	20,618.77	
29												
30				131,670		122,453.10	1089		128,200.60		119,226.56	
31												
32							0.8712				122,453.10	
33												
34												
35											128,200.60	

Example 3

36						Low Utilization Floor Applies but cannot go over rates						
37												
38						Payment Amount	Actual	Rates	Payment Amount	Transition	Before Floor Actual	
39		Calculated		Calculated	transition	w/ Trans Factor	Annual		at Rates	Percentage	Fiscal Year	
40		Attendance	Rates	Reimbursement	Percentage	and 90& util	Attendance		and Actual util		Reimbursement	
41							Total					
42	Archie	225	100.32	22,572	93%	20,991.96	201	100.32	20,164.32	93%	18,752.82	
43	Betty	225	117.04	26,334	93%	24,490.62	222	117.04	25,982.88	93%	24,164.08	
44	Charles	225	125.40	28,215	93%	26,239.95	207	125.40	25,957.80	93%	24,140.75	
45	Donald	225	133.76	30,096	93%	27,989.28	186	133.76	24,879.36	93%	23,137.80	
46	Edith (lef	225	108.68	24,453	93%	22,741.29	180	108.68	19,562.40	93%	18,193.03	
47												
48				131670		122,453.10	996		116,546.76		108,388.48	
49												
50							79.7%				122,453.10	
51	Assumptions No program changes for any consumer in the year											
52	No new consumers added											
53	No consumers deleted											
54	No fiscal changes for any consumer in the fiscal year											
55												